

Guide to e-commerce

This guide explains book trade business to business e-commerce, the main types, the messages, and more detail about the different methods of e-commerce ordering and invoicing

1. Explanation of e-commerce

Business to business or b2b e-commerce is literally electronic commerce or electronic trading between organisations in the book industry. This means that the messages (such as a purchase order or an invoice) used to conduct business between a buyer and a seller are electronic, i.e., produced by a computer or an app on a mobile device. Other technologies, such as interactive voice response (speech recognition) or touch tone phone technology are suitable in certain situations.

For example: a bookshop sends an electronic order. This is received by a publisher/distributor. Because the order is already in electronic form, i.e., in a format that a computer can read, there is no need for the publisher/distributor to re-type it. The order can be fed straight into the publisher/distributor's back-office system. This saves the publisher/distributor the cost of typing the order; it avoids errors which sometimes occur when orders are re-typed; and it removes a lot of potential delay in that the order can be processed immediately instead of waiting in an in-tray for typing. The result is faster deliveries, better stock availability for the bookshop and fewer lost sales.

At peak times such as Back to College or Christmas, when publishers/distributors used to take on temporary staff to type in orders received in the post, there was a danger of long delays. Now orders can be keyed in just once at the retailer and the order can be processed the same day. The books are very often delivered the next day. Speed of order fulfilment has improved dramatically over the years and where a retailer used to quote three to four weeks to get a book for a customer, they now expect it in a matter of days.

2. Confusions about supply chain e-commerce

Supply chain e-commerce should not be confused, as it often is, with online shopping - where the customer visits a website for the purpose of buying goods online. The supply chain is the linking of transactions in the book trade from the author of a book at one end to the reader of the book at the other end. The various b2b players in between include publishers, printers, distributors, wholesalers, retailers, libraries and schools. Their role is to facilitate the connection of the author's work to the reading customer.

B2b e-commerce describes the links in this supply chain across which business messages are sent electronically instead of on paper. It is another common misunderstanding that email is a form of e-commerce. It can be, if the message or an attachment is structured in such a way that the content can be automatically processed by the recipient's computer, but that is rarely the case. Email is an efficient way of communicating electronically, but that's all.

True e-commerce involves a minimum of human intervention at either end of the transaction. Though the original data probably needs to be keyed, subsequent use of that data in messages in the supply chain should be automatic and untouched by human hands.

3. What are the business messages in supply chain e-commerce?

Almost any communication between different organisations within the supply chain can be sent using e-commerce. For example:

- A bookseller sending an order to a distributor for a certain number of copies of a book; or
- A distributor sending an electronic invoice to the bookseller for books supplied.

There are also messages for the supply of product information which enable a distributor to inform a retailer of changes in the price or availability of a particular title.

Booksellers and distributors can also improve their returns processing via electronic messages: a retailer can request permission to return a book and a distributor can send back a message giving authorisation to return it. The following table shows the most common messages in use in the book trade. Please note that we differentiate between publisher (the role of publishing a book) and distributor (the role of distributing a book). In this context some companies will be both publisher and distributor. Wholesalers have dual roles as retailer and distributor in that they buy books from distributors, and they sell books to booksellers.

Message	From	To
Product information	Publisher	Retailer, distributor, wholesaler or data aggregator
Price and availability updates	Distributor or wholesaler	Retailer, wholesaler or data aggregator
Order	Retailer or wholesaler	Distributor or wholesaler
Order acknowledgment	Distributor or wholesaler	Retailer or wholesaler
Delivery note	Distributor or wholesaler	Retailer or wholesaler
Invoice	Distributor or wholesaler	Retailer or wholesaler
Credit note	Distributor or wholesaler	Retailer or wholesaler
Statement	Distributor or wholesaler	Retailer or wholesaler
Returns request	Retailer or wholesaler	Distributor or wholesaler
Returns authorisation	Distributor or wholesaler	Retailer or wholesaler
Returns confirmation	Retailer or wholesaler	Distributor or wholesaler

Please note this table is not a complete listing of all the possible messages, but it does show the main book trade transactions and who is involved in sending and receiving them.

If you look at your business, you may be surprised at how many business messages there are and how many can be exchanged electronically. Any message which is exchanged in a standard way routinely may be suitable for e-commerce. Book Industry Communication (BIC) has ensured that the standard messages and associated codes cover many eventualities. If the message you want to send is "This book is reprinting and is due out in October 2024", there will be a message and a set of codes to say this.

In 1970, messages were almost all exchanged on paper via the postal system. Over the last fifty years this has changed so that a large proportion of these messages are now exchanged electronically. Initially, the fax machine was used instead of the post, only to be replaced by the widespread adoption of EDI (Electronic Data Interchange) by bigger companies - done by sending structured electronic messages from their computer systems to their trading partners' computer systems with no human intervention.

The expansion of the Internet and the roll out of full fibre broadband means that many businesses now use the Internet routinely as part of their work and a number of industry third parties offer web-based solutions that facilitate b2b e-commerce.

4. Ordering

One of the key transactions between a bookseller and a distributor is the order. There are many ways to place an order (a purchase order) with a publisher, distributor or wholesaler. These include using a paper order form, sending an email, using a website, EDI or even IVR (Interactive Voice Response). The telephone itself is widely used to place orders with suppliers. All these methods carry a cost, even if it is only the cost of the time taken to place the order itself. Some methods can be perceived as free: for example, if a bookseller already has a broadband connection, then using a website which charges nothing extra means that the order itself is virtually free. Other services, such as EDI providers, may make a charge for traffic across their network (kilobytes of data sent or received).

This variety can lead to complexity and confusion when trying to choose an ordering method which suits a particular business. There may also be charges incurred by the business at the other end of the chain - the supplier - to be considered. Some ordering methods cost the supplier far more than others, some are more reliable, some impact on the supplier by making it necessary to have extra staff available at specific times.

The main methods of ordering include web-based as well as systems-based and standards-based solutions: BatchLine, Book Manager, BookSolve, Edelweiss, EDI, gardners.com, Gardlink, Ingram iPage, Merlio, Pubeasy and TeleOrdering to name but a few.

5. Invoicing

The other key supply chain transaction is the invoice. This too can be made much more efficient by using e-commerce. Major booksellers have invested in systems to help them process their invoices more effectively, but even small booksellers can benefit from e-commerce invoicing/payment solutions.

Businesses that invest in EDI capabilities can use these to exchange invoices, credit notes, statements and other business messages with their trading partners.

Both sides of the supply chain benefit from exchanging these messages via e-commerce. Larger booksellers can feed electronic invoices into their accounting systems and reduce their administration costs. Distributors can benefit from more prompt payment and fewer disputed invoices.

The web-based service, Batch.co.uk, helps reduce the number of payments made to publishers and wholesalers by booksellers. Batch is owned by the Booksellers Association and is designed to take costs out of the receipt, processing and payment of invoices. Booksellers (members of the Booksellers Association) can use Batch free, and small publishers can use Batch via a low-cost basic service. Larger publishers pay for the Batch service but obtain larger benefits from the ability to load remittance information into their systems automatically, saving a lot of sorting, matching and keying. A bookseller can make one payment to Batch.co.uk and have Batch pay multiple publishers, distributors and wholesalers on the bookseller's behalf.

It is worth booksellers considering the number of publishers, distributors and wholesalers they trade with annually. They should also look at the number of payments they make each month and the time dedicated to invoice processing. While this work is necessary, the time could be used more productively. E-commerce helps to reduce the costs involved in this area of business.

Similarly, publishers should look at the number of trading partners they have. How many invoices do they issue? How much staff time is taken up reconciling cheques and inputting remittance advice information? Where volumes are high, there is potential for e-commerce to reduce costs.

The traditional way for a distributor to send an invoice to a bookseller is in the box with the books. This can lead to invoices being lost and does not encourage the consolidation of payments. Many independents and chains now have separate accounting departments, so invoices are often delayed in transit between goods in or the shop floor and the accounts department. A better way is for an electronic copy of the invoice to go to the accounts department via e-commerce and be available in their accounting software. Far easier and cheaper for the bookseller to check a figure sent electronically than to have to key it in first.

Large bookselling chains have invested in sophisticated invoice processing systems, which match invoices against deliveries. Given the complexity of terms, discounts, special deals and the large volumes involved, e-

commerce has proved to be the only way in which large booksellers can provide prompt payment at a reasonable cost. Publishers and distributors who trade with these large chains are encouraged to provide invoices electronically.